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# LENDER NEWS

**A Publication of the Des Moines District Office and Cedar Rapids Branch Office**

**December 21, 2004**

## SPECIAL NOTICE

### SBA Loan Programs Reauthorized and Increased

The Small Business Reauthorization and Manufacturing Assistance Act of 2004, signed on December 8, 2004, **makes \$16 billion available to through SBA's 7(a) loan program** and reauthorizes the agency's programs.

The following are the changes to the 7(a) Loan Program as a result of the law. These changes are effective as of December 8, 2004. SBA's regulations and Standard Operating Procedures will be amended to incorporate these changes as soon as possible.

- The loan guaranty limit is increased from **\$1.0 million to \$1.5 million** for loans approved on or after December 8, 2004. The maximum gross loan amount remains at \$2 million. The 7(a) Loan Program, as a result of the Reauthorization, becomes a zero subsidy program financed through fee income to SBA from borrowers and lenders. Fees will remain unchanged from their October 1, 2004 level *except* for the guaranteed portion over \$1,000,000 for which an additional .25% will be applied.
- The Reauthorization makes permanent the "Express Loan Program" and **increases** the maximum gross amount of **SBAExpress loans from \$250,000 to \$350,000**.
- The restriction on "piggyback financing" remains in effect.
- The bill also expanded the agency's 504 loan program up to the \$5 billion level, and raised the maximum loan size for manufacturers to \$4 million. 504 loans that meet a public policy goal have a maximum loan size of \$2 million, while other 504 loans have a limit of \$1.5 million. 504 loans may be used for the purchase of real estate, buildings and equipment.

Please contact the Des Moines District Office at (515) 284-4422 or the Cedar Rapids Branch Office at (319) 362-6405 with questions.